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INDONESIAN POLITICS AND ECONOMICS  
(SELECTED TRANSLATIONS)

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## FOREWORD

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INDONESIAN POLITICS AND ECONOMICS

(SELECTED TRANSLATIONS)

[Following are translations of selected articles on the above subjects, taken from various Indonesian sources. Source information accompanies each article.]

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## ABDULGANI ON INDONESIAN SOCIALISM

[Following is the translation of a series of unsigned articles in Pos Indonesia (Indonesia Post), Djakarta, 24 22, 23 October 1960, page 1 of each issue]

"Indonesian Socialism is a teaching and movement guided to a just and prosperous society based upon the constitution, the Pantja Sila."

Indonesian Socialism is a movement whose principles were derived from the Pantja Sila, said Deputy Chairman Roselan Abdulgani of DPA, in a lecture given on Thursday at the Servicemen Recreation Hall, Depongoro. The lecture continued:

The Depernas [governmental body] in Section 102 stressed that the structure of a just and prosperous society derived from the Pantja Sila was an answer to the call of the voices of the sufferings of the people of Indonesia, and in Section 111 it further explained that these sufferings stemmed from:

- a. The exploitive nature of imperialism,
- b. colonialism, and
- c. feudalism, which for hundreds of years exploited the people, leaving them in poverty and deprived of individual selfrespect.

From the above Depernas statement we can draw the following conclusions:

- a. That the impelling force for the rise of socialistic society was an answer to the call of the sufferings of the people which bore the trademark of anti-imperialism, anti-colonialism and anti-feudalism.
- b. That the construction of a socialist society needs the support of all the people of the islands, from every strata of society and from every walk of life.
- c. That the movement must find its strength in the teachings of the Pantja Sila, which is anti-imperialism, anti-colonialism and anti-feudalism, in line with the call of the sufferings of the people.
- d. That the Pantja Sila is brimful of revolutionary teachings, as well as very progressive attributes, because of its anti-imperialism, anti-colonialism and anti-feudalism;

That all these show that without revolutionary and progressive theories there can never be revolutionary and progressive movements.

The widespread poverty, both physically and spiritually, in Indonesia was the result of oppressive colonialism and imperialism.

We reject the theory that we are indolent by nature or that we are stupid or that nature has destined us for poverty.

### Colonization and Imperialism

Colonization is the desire of one race to dominate another in politics, social economy and culture by:

- a. Political domination,
- b. Economic domination,
- c. Cultural penetration.

The impelling force driving one country to colonize another was the desire for economic domination, and not desire for adventure or idealism or sacred mission. Therefore we dispute the theory advanced by Gustav Klammer, Prof. Thomas Moon and Prof. Jos. Schumpeter, who unanimously wrote the same theme that colonization was motivated by the desire for fame and adventure, idealism, sacred mission and the white man's burden.

During the 16th and 17th centuries, merchants came to Asia from Portugal, Spain, Holland, England, and later from France, seeking economic advantage because they suffered loss of trade due to the occupation of the Bosphorus by Turkey and because of the growth of capital in Western Europe as a result of the increasing number of people from the feudal system beginning to engage in trade and in small and medium industries; and this capital needed outlets.

By the 18th century, capital merged with technology, which led to the rise of industries to such a proportion, particularly in England, that it brought about the "industrial revolution". Surplus capital sought new industries, and the increase in production resulted in even more surplus capital accumulating in the banks.

With the rise of capital into industrial capital, and later into finance capital, it became apparent that this process led to concentration and accumulation of more capital and trusts, cartels and holding companies were formed. As the field of investment of capital in the country of origin became exhausted, capital had to seek outlets outside the country of origin. In the analysis of Mr. Sukarno, modern imperialism took root in Western Europe beginning in 1880 and during the process of expansion Indonesia was caught in its claws. Indonesia was made to be a source of raw materials to supply the factories of Europe and a place to invest surplus capital.

Behind the lusts of modern imperialism, England, France and Holland acted on one side and Germany on the other.

After nearly all of Asia and Africa divided had been among the imperialist countries, there developed attempts to re-divide the entire continents of Asia and Africa, which led to the outbreak of war.

According to Roeslan Abdulgani, the study of history will reveal that colonization was the child of imperialism, while imperialism was an offspring of capitalism which had grown into maturity.

Roeslan Abdulgani disputed Prof. Rupert Emerson of Harvard University who stated in his book "From Empire to Nation" (1960) which implied that the findings of Roeslan Abdulgani, as presented to the Asia-Africa Conference and published by United Asia Magazine in 1955, was based solely on Lenin's theory. Long before Lenin issued his theory on imperialism in 1913, Western non-communist literature had shown the relationship between imperialism, colonialism and capitalism, J. A. Hobson, for example, in his book "Imperialism" in 1912, later followed by other writers, namely Parvus, Kautsky, and Otto Bauever in 1907.

#### Effect of Capitalism on Western Europe

Capitalism when first born in Western Europe represented advances when compared with feudalism. Capitalism, however, in its further development, resulted in more wealth concentration in the hands of the few, while the sufferings of the majority grew worse.

This condition grew because capitalism sought to take away more wealth from the workers for the enrichment of the few investors and not to fulfill the need of society.

It became apparent that the interests of capital and labor no longer were in harmony, that capital utilized manpower as raw material in the same manner that other raw materials were used. This condition produced the proletarian class, while at the same time the wealth fell into the hands of the capitalists.

#### Effect of Colonialism and Imperialism on Occupied Territories

Occupied or semi-occupied or mandated and protectorate territories as a result of modern imperialism experienced the following: Loss of political freedom; or their social structure and the original economic structures became disturbed through coercion and these countries were made suppliers of raw materials or markets for the products of imperialist industries, or places for the investment of Western European capital; the standard of living of the inhabitants became lower and poverty reigned.

#### Its Effect in Indonesia

Basically, colonialism and imperialism, wherever they might appear, were the same, but each might have certain characteristics which distinguished one from the other.

American, English and Dutch imperialism each had its own peculiarities, depending upon the circumstances of the particular country involved.

The U. S. controlled huge amounts of raw materials. Its colonies were only outlets for the products of its industries. It was to the interest of the United States to see that the inhabitants of its colonies had purchasing power. American imperialism was liberal.

England controlled only limited sources of raw materials. The industrial revolution in England required an increased supply of raw materials, and at the same time the country had to find markets for the products of its industries. Occupied territories such as India were used more as markets for product than as a source of raw materials. England was also interested in having the purchasing power of the colonies maintained. English capitalism was not quite as liberal as that of the U.S.

Holland had hardly any raw materials, and the country is too small for large industries like those of the U. S. and England. Its colonies were places for investment of capital rather than markets for the products of its industries. Capital was invested in farming big estates. Holland did not want the people of its occupied territories to have high purchasing power, but was interested in cheap labor. Dutch imperialism was stingy and of orthodox nature.

France behaved mid-way between the Dutch and the English, but the Portuguese and the Spanish were more stingy and more orthodox than the Dutch.

Taking into account the stingy and orthodox character of Dutch imperialism, which since 1880 operated on an international scale following the so-called "Open door policy", prior to 1880 the following conditions obtained:

- a. 1602-1800. The Dutch company VOC ruled, causing the destruction of Indonesian tourists and big traders;
- b. 1800-1850. The English political policy adopted by Raffles was replaced by Dutchified oppressive rule, ruining Indonesian internal sovereignty and big farmers;
- c. 1850-1870. Preparations to invite private investment by Holland in Indonesia.

The events mentioned above show that the wide-spread poverty over Indonesia could only have resulted from colonialism and imperialism, and therefore we rejected completely the theory that colonialism and imperialism were motivated by the desire to bring civilization, progress and culture, modern living, paved highways, and a host of other improvements.

True, a small minority of Indonesians received the crumbs of the progress mentioned above. This, however, was only a by-product of the process of draining the wealth of Indonesia to Holland.

Here again it must be stressed that the Depernas statement holding colonialism and imperialism responsible for the great misery and poverty of Indonesia is timely and correct. The first step to relieve the misery, then, would be to destroy colonialism, imperialism, and capitalism. The second step would be to install socialism as found in European countries.

The terms colonialism, imperialism, and capitalism as used in this context were intended to convey what had been said above and that condemnation of them must include the destruction of the court of justice, the so-called Landraad of Bandung, which in 1930 sent to prison Sukarno, Gato Mangkupradja, Maskun, and Supriadinata.

### Causes Impelling Installation of Socialism

Now that we have entered the phase of the social economy (1955-1956) after leaving the period of physical revolution and survival, we can no longer tolerate being left farther and farther behind in comparison with the so-called highly developed countries, if we call ourselves listening to the voices of the sufferings of the people.

The causes which impel us to advance are: the ever increasing population find that the old handcraft and farming do not provide them a living; the growth of new big farming estates, modern industries and mining fall far short of providing for the needs of the people; and the fact that the people are getting more training and education is also responsible for their demands for a better standard of living.

In a subjective way, the desire for the better things in life came from various strata of society whom during the last ten or fifteen years we have asked to join the revolution. They too want a higher living standard than is now available to them, in line with the speeches made by our own leaders to the effect that independence must be followed by higher living standards, or as Dr. Eugene Stanley puts it, "the revolution of the rising expectation", amended by President Sukarno to, "The revolution with the rising demands".

These objective and subjective desires do indeed exist, but have not yet been crystallized. What is now apparent is the migration to bigger cities; a disorderly migration from one island to another; occupation and tending of big farming estates and jungles; the overflow of the white collar proletariat in the cities. Because these movements took place in a quiet manner, some have referred to them as "the silent revolution".

In addition to the activities going on in this country, a new international awakening also is born, which makes comparison between under-developed and highly developed countries". The comparisons were made in the standard of living, per capita productivity, and the utilization of non-human energy. Income per capita in highly developed countries ranged from \$300 to \$1,000 per year, whereas in underdeveloped countries it is in the neighborhood of \$100 only. The utilization of non-human energy in developed countries is 20 times that of underdeveloped countries.

It was found that two thirds of the people in the world, or 1,800 millions, live on 18% of the world resources; while 82% of the world resources supports one third of the world population, or 900 millions.

The facts enumerated above have fired the Asian-African countries to work fast for improvements so that they may not be continuously behind. Therefore, countries like India, Red China, Turkey, the Arab countries, and Indonesia hurriedly bypassed "the traditional society" and adapted the "transitional society" to go into the "maturing society" which was referred to by Prof. W. W.



Rostow in his book as "the stages of economic growth".

We who are still in the agrarian stage and who have not completely abolished feudalism but are about to move into the era of industrial society employing machinery and technology must now employ capitalism to bring about increased production, but socialism in line with the teachings of our constitution, the Pantja Sila.

#### Teaching the structure of socialism

As a teaching, socialism with its ideals is not new to Indonesia. This may be found through examination of the history of the fight for freedom, the movement headed by Kjai Samin, and many other movements throughout the Indonesian archipelago.

Later, after the outbreak of the October revolution in Russia, the old teachings revived through the influence of Marx. This may be seen in the influence of Sneevliet and his compatriots, the birth of the communist party (PKI), the effort to synthesize Moslemism with Marxism, Moslemism with Marxism and Nationalism and proletarianism.

In Pantja Sila teaching of socialism, representing the fifth principle of the basic constitution, social justice cannot be divorced from the other four principles. In other words, the social justice of the Pantja Sila embraces belief in God, humanitarianism, and nationalism, accomplished by negotiation.

#### The Movement to Establish Socialism

Establishment of socialism in Indonesia as an economic order of our revolution cannot be avoided, and should therefore receive support. Support should come in the form of capital, human skill, technical and managerial know-how, and a political system favorable to growth.

In the shift of political system from the old to the new, we use the terms Guided Democracy and Guided Economy, where the State as an apparatus occupies a "commanding position" in politics, which has been made to conform with the President's Directive No. 7 and brought into being by functional groups headed by the National Front. The State and the people jointly work for "planned socialism", as worked out by the Depernas [Government] and approved by MPR [Parliament].

Socialism, according to Roeslan Abdulgani, is based on Article 33 of the UUD [abbreviation not identified in source] legislation of 1945 which read: "Economic structure brought about through joint effort as in a family; economic branches basic to the State and to the life of the majority of the people should be managed by the State; natural resources basic to the prosperity of the people should be managed by the State; natural resources basic to the prosperity of the people must be under the control of the State, as may be observed from the following Depernas statement:

## Government and Private Enterprise

In the social economic structure of Indonesia, it is acknowledged that the entire economy cannot be run by the State alone, and private enterprise is therefore given an appropriate place in running the economy in line with the prescriptions of the legislation. In implementing the goals of the legislation, basic thoughts such as the following prevailed:

The State to control that part of the economy which is basic to the life of the majority of the people; transportation and distribution to be run by the State, or at the least controlled by the State; local government to take part in the field of transportation and distribution; cooperatives to take an active part in every field, particularly in distribution; private enterprise to be given appropriate functions in the field of production and transportation.

Regarding the detailed plan of Depernas and the financing of the plan, we are still waiting for the approval of MPR, said Roaslan Abdulgani.

## BRI AND BTN MERGED INTO COOPERATIVE FARMING AND FISHING BANK

[Following is the translation of an unsigned article in Pedoman (The Guide), Djakarta, 24 October 1960, page 1]

Secretary of the Treasury Notohamiprodjo through its own Dept. of Information has announced the merger of BRI and BTN into the Cooperative Farming and Fishing Bank, with a working capital of 1.2 million rupiah.

The complete announcement reads:

In line with the proclamation of the President, in an effort to implement Article 33 of the Basic Constitution of 1945 of the Republic of Indonesia, the merger of the above mentioned banks was brought into being. The Government provided it with a working capital of 1.2 million rupiah as a supplement to the assets of the Farming and Fishing Bank and the People's Bank.

The Cooperative Bank can render better service than the banks operating individually and independently of each other. The study made by the Government on the operations of the People's Bank in granting loans for half a century has led to this conclusion.

Directors and employees of the Farming and Fishing Bank and the People's Bank retain their status and posts in the Cooperative Bank, their salaries and old age pensions remaining the same. The Government appeals for their continued hard effort, so that the goals of the project may be accomplished in the shortest possible time.

The work previously undertaken by the two banks just merged will be continued by the Cooperative Bank. The Bank will continue to extend credit as generously as possible to the peasants and fishermen. Non-members will also enjoy the service of the Cooperative Bank so long as other banks of Indonesia cannot fulfill their need.

Customers of the Farming and Fishing Bank, and the People's Bank, depositors and non-depositors, are urged to continue their relations with the Cooperative Bank.

The merged Cooperative Bank will be under the direction of the Secretary of the Treasury, Mr. Notohamiprodjo.

## GLASS AND ASBESTOS FACTORIES

[Following is the translation of an unsigned article in Pedoman (The Guide), Djakarta, 21 October 1960, page 1]

Glass and Asbestos factories in Surabaya was brought into existence through contract between the National Industrial Bank of Indonesia and the Society Mecanique Verriere, of France four years ago. The construction cost, including the machines costing 1,160,000 US dollars purchased from S.M.V. of France under credit plan C, totalled 64 million rupiahs.

The authorized capital of the factories was 64 million rupiahs, divided into 5 shares of preferred stock of 100,000 rupiahs per share, and 990 shares of common stock of 50,000 rupiahs per share, and the capital contributed by the National Industrial Bank of Indonesia on 29 October 1956 amounted to 25 million rupiahs.

Contributed capital was composed of 5 shares of preferred stock of 100,000 rupiahs per share, 490 common of 50,000 per share, according to the report of the conference which took place on Tuesday night in the National Industrial Bank of Indonesia.

It also emphasized that the factory has two foundries each with two sets of machines - one for colored glass and the other for white glass.

Each foundry is equipped with two machines. The colored foundry is a two-pronged bottle producing machine, and the white foundry is a two-pronged bottle and drinking glass producing machine.

## CAPACITY

Each foundry should produce daily between 25 to 29 tons of glass, while the bottle machine should produce 24,000 big bottles or 35,000 small bottles daily.

The first production of beer bottles was begun on 16 April 1959, and lemon, grape, and medicine bottles were produced in 1960. About 4 August 1960, production of white glass was possible.

65% of raw materials for the productions of the various type of glasses has to be imported.

Thus far the sole buyer and distributor of the product of the Glass Factory is the P. T. Usindo Company, which makes production limited.

The total labor force of the factory consists of 450 persons, of which the majority is technical personnel. In the management of the factory, 12 engineers are employed, 26 semi-advanced technicians, graduates of S. M. T. and 40 graduates of S. T., and approximately 30 experienced craftsmen.

The Asbestos and Cement Factory, a creation of the Industrial Bank of Indonesia, recently produced asbestos plates.

The construction of the Asbestos Factory, at a cost of about 29 million rupiahs, is intended to lessen the use of foreign exchange, which necessitated the expense of 700,000 US dollars yearly for the purchase of eternit from abroad.

According to statistics, the imporo of eternit from 1951 to 1958 totalled about 98,679 tons, or a yearly average of 12,335 tons.

According to plan, working on three shifts, the daily output of the factory will be 40 tons, or 10,000 tons per year. Up to now, however, only one shift is possible, with daily output of about 250 sheets average monthly output, valued at about 2 million rupiahs.

The recent report showed that the factory has a total working force of 143 persons, and if the plan to have three shifts materialized, the number of employees would increase to 200 persons.

## 10,000 ENGINEERS REQUIRED FOR DEVELOPMENT

[Following is the translation of an unsigned article in Pos Indonesia (Indonesia Post), Djakarta, 18 October 1960, page 2]

President Kosasih of the ITB School of Technology in Bandung declared to the new students of the ITB that for the development of Indonesia 10,000 engineers are needed. The future appears bright for the students of ITB who apply themselves diligently. Should the students fail to study conscientiously, it is feared that the goal of producing the 10,000 engineers cannot be fulfilled. For 1960 miscellaneous departments will need 328 engineers and private enterprises will need 47. For the period 1961 to 1966 an additional 264 and 87, respectively, will be needed by the above mentioned groups, according to Prof Kosasih.

In seven years' time the study should be completed, continued the statement of Prof. Kosasih. Facilities must be well equipped to meet the demands.

Prof O. Kosasih explained that each student is to be allowed a maximum of three tests for each subject taken, and that study groups I and II should be completed in a period of not more than three years, and for group III and IV in four years. The maximum time required to graduate will be 7 years.

The above statement was issued in a meeting of "Get to know the new students" which was attended last Saturday by the deans of three Departments of ITB, namely, Technology, Chemistry and Biology, and a dozen others from ITB.

- END -